WP3: Framework for offshore wind community benefits and social engagement in Colombia

PROJECT: OSW in Colombia - Develop a community benefit and social engagement framework and guidelines, adapted to the local context (COL-0002)

Ocean Energy Pathway

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Executive summary

The development of offshore wind energy (OSW) in Colombia represents a strategic opportunity to advance the energy transition, strengthen energy security, and generate economic and social benefits for coastal territories. However, the success of these projects depends largely on their capacity to build and sustain a robust social licence, particularly in regions that face longstanding gaps in infrastructure, public services, and institutional trust.

- In response to this challenge, the present study proposes a comprehensive framework for the implementation of Community Benefit Sharing Schemes (CBSS), tailored to the conditions of an emerging market and aligned with international good practice. The framework is organised around six interrelated components: (i) policy, objectives and principles; (ii) social licence; (iii) definition of the area of influence and beneficiaries; (iv) governance; (v) financial support; and (vi) monitoring, evaluation and learning.
- The analysis is grounded in the premise that community benefits should be conceived as strategic instruments for managing the social licence, rather than isolated acts of charity. In this regard, the importance of community engagement that goes beyond minimum legal requirements is underscored, recognising the cultural, social and productive characteristics of coastal territories, including traditional uses of the sea
- The study further highlights the need for participatory, transparent and financially sustainable governance mechanisms, embedded in project design and compatible with the Colombian regulatory framework. In this context, existing instruments are examined — such as the 1% transfer mechanism — and the role of transparency, continuous learning and participatory monitoring are emphasised as key conditions for strengthening trust and social legitimacy.
- Finally, the study sets out recommendations addressed to both the Government and developers, aimed at consolidating a progressive and coordinated approach to community benefits that accompanies the maturation of the offshore wind sector and contributes to lasting social impacts for host communities.

Headline findings and recommendations:

Topic	Finding	Key recommendations[a]
Principles	Community-led decision making is at the heart of the framework. Aim to align with international best practice.	• The government should encourage and promote CBFs for OSW projects, with full community autonomy in fund allocation and robust governance. (1, 2) • Community benefit measures outside CBFs should be equally encouraged, such as direct investments / benefits-in-kind, environmental net gain, and support for shared ownership initiatives. (1, 2, 4, 16)
Strategic context	Large-scale offshore wind energy is developed within a complex technical and commercial environment, characteristic of emerging industries, particularly in markets that are still consolidating, such as Colombia. Investors will hesitate to invest if they perceive a low chance of gaining the social license to operate. A CBF is an effective way to work directly with communities and derisk the social license.	• With the first competitive process underway, the government should avoid any substantive rules changes, such as adding CBSE Non-Price Criteria (NPC) or Contract for Difference (CfD) conditions. (9) • The government should provide early certainty: OSW capacity targets, industrial strategy, CBF guidance levels. (2, 8, 10)
Agency lead	A sponsoring ministry / agency (or collective) is needed to lead the OSW community benefits function.	• The MME should nominate the establishment of a leadership body for its renewable energy CBSE

[a] References to detailed recommendations in brackets

Topic	Finding	Key recommendations[a]
		practice (forming a 'CBSE Delivery Unit'), supported by DIMAR[b], DPS[c] and DNP[d]. (1) • The MME may consider hosting the CBSE Delivery Unit within the Oficina de Asuntos Ambientales y Sociales (Office of environmental and social affairs). (1)
Regulatory approach	Both voluntary and regulated approaches to community benefits can work. Either way, the fundamental principles are similar. Make use of existing structures. Without amendment to the 1% New Transfer mechanism, OSW developers face uncertainty and underperforming value transfer to the community.	• The MME should consider amending the existing '1% New Transfer' mechanism for OSW to give projects the option to implement a CBF of equivalent magnitude (1%). (2, 11) • The MME CBSE 'Delivery Unit' should prepare, review and publish CBSE guidance. (2) • Future OSW competitive processes may consider CfD payments attached to the implementation and performance of a CBF. (9)
Capacity building	Government agencies, developers, private investors, NGOs[e], academia and communities all have a role to play.	• The MME CBSE 'Delivery Unit' should work with industry to develop suitable training programmes in combination with educational authorities and providers. (7) • The MME should co-ordinate a review of existing programmes in the Central Caribbean and support capacity-building of local organisations. (3) • MinAmb[f] could promote guidelines that encourage community participation in the construction of the environmental baseline within the Environmental Impact Assessment (EIA), the preparation of which is the responsibility of project developers.(6) • Developers should be encouraged to operate beyond pure compliance with minimum CBSE standards. (15, 21)
Sector bankability	ESG[g] compliance should be prioritised, to make sure that projects can be financed.	• A review of international ESG standards and gap analysis for Colombia is recommended, to identify any critical areas for support. (23)

The government should work towards providing greater clarity and visibility to the OSW industry, particularly in relation to the OSW leasing pipeline, industrial strategy (e.g. ports, supply chain and educational priorities) and anticipated CBSE commitments, helping long-term planning. In parallel, strengthening factors supporting bankability of projects, such as alignment with international standard EIA[h] and broader topics related to ESG compliance, would help ensure that projects can secure financing, proceed to delivery and realise the intended community benefits.

[b] DIMAR: Dirección General Marítima (*Maritime Authority*)

[c] DPS: Departamento Administrativo para la Prosperidad Social (*Social Prosperity Department*)

[d] DNP: Departamento Nacional de Planeación (*National Planning Department*)

[e] NGO: Non-Governmental Organisation

[f] MinAmb: Ministerio de Ambiente y Desarrollo Sostenible (*Ministry of environment and sustainable development*)

[g] ESG: Environmental and Social Governance

[h] EIA: Environmental Impact Assessment

Contents

1 Introduction

This report (WP3) aims to bring together previous research and expertise into a coherent set of guidelines and recommendations, including:

1. A framework to support the design and implementation of a CBSE manual
2. Proposals for possible regulatory adjustments
3. Development of concrete guidelines and actions to be taken by the project developer to generate effective community engagement

This report is primarily targeted at the MME and other public institutions that have an interest in policy making to support the Colombian OSW sector. Developers, communities, academic institutions and NGOs[i] may also find the framework, findings and recommendations useful.

Throughout this report, we aim to incorporate knowledge from three main categories:

- Outcomes of our research under this project
- International best practice and experience
- Consideration of the Colombian context.

1.1 Summary of previous work

The work completed has focused on two work packages (WPs): In the following sections, we provide a short summary of these packages (since the findings are a key input to this study). A much greater degree of detail is available in the respective reports.

1.1.1 WP1 –Community baseline

This package established a participatory community baseline in the Central Caribbean region, the area identified for initial OSW deployment. A desktop review of literature and previous work in Colombia was followed by a 2 month fieldwork programme, during which national and local government, academia, industry, and local communities from Atlántico, Bolívar and Magdalena were consulted for their views on participation in OSW development.

The data collected provides a foundation for the development of equitable benefit-sharing and engagement frameworks tailored to Colombia's social and environmental context.

In summary:

What are the communities proud of (assets to leverage)?

- Strong cultural identities and civic networks
- Deep empirical knowledge of the sea
- Entrepreneurial energy around ports, tourism, gastronomy and services; high appetite for learning.

Opportunities areas:

- Opportunities to improve the affordability, reliability and continuity of electricity services, as well as trust in public utilities and projects.
- The need to strengthen access to clean drinking water, sanitation, road infrastructure and digital inclusion, alongside training that leads to meaningful employment opportunities.

[i] NGO: Non-Governmental Organisation

- Interest in greater participation in decision-making, timely access to information, and benefits with sustainable and direct impact on communities.
- Priority placed on building resilience against extreme weather events, considering territorial vulnerabilities such as low-lying areas, mangrove loss and coastal erosion.

1.1.2 WP2 –Legislative review

This package reviewed the legislative and institutional context for the design and implementation of CBSE frameworks for OSW.

The International Finance Corporation (IFC) reference framework on community benefits in OSW[1] was used to anchor the study. By these definitions:

- Community benefits are **non-compensatory and developmental contributions** to the host communities
- Social engagement is an **ongoing, inclusive, trust-based process**

They must be designed around participatory, developmental, and project-specific principles to ensure legitimacy, impact, and community support.

The study found that the current normative context of Colombia is generally misaligned with CBSE as envisioned by the IFC reference framework, but that some Colombian norms do contain elements that align.

The strongest example of this is the existing legal instrument '1% New Transfer' (established by means of article 289 of Law 1955 of 2019) which currently obliges renewable energy project owners (for projects >10 MW) to contribute 1% of gross revenue, to be divided between ethnic minorities (60%) and local authorities (40%).

The WP2 scenarios recommended for inclusion in this framework (2, 3, 4) prioritise an approach that builds on existing mechanisms and agencies, recognises the strategic need to protect OSW business cases, and is supported by guidance and educational efforts in the host communities.

2 Framework overview

To synthesise the main findings and recommendations, the COMPASS conceptual framework is proposed (Figure 1). At its core sits the community benefit scheme, based on the Community Benefit Fund (CBF[j]) model, which is articulated around a set of enabling components that allow for its effective implementation throughout the project lifecycle.

The choice of the CBF as the central axis of the framework reflects its tangible nature and accessibility to a wide range of stakeholders, as well as the existence of clear international good practice parameters. It is nonetheless acknowledged that the CBF represents one of several possible alternatives for the distribution of benefits associated with offshore wind energy projects, and that its application must be adapted to the Colombian institutional and social context.

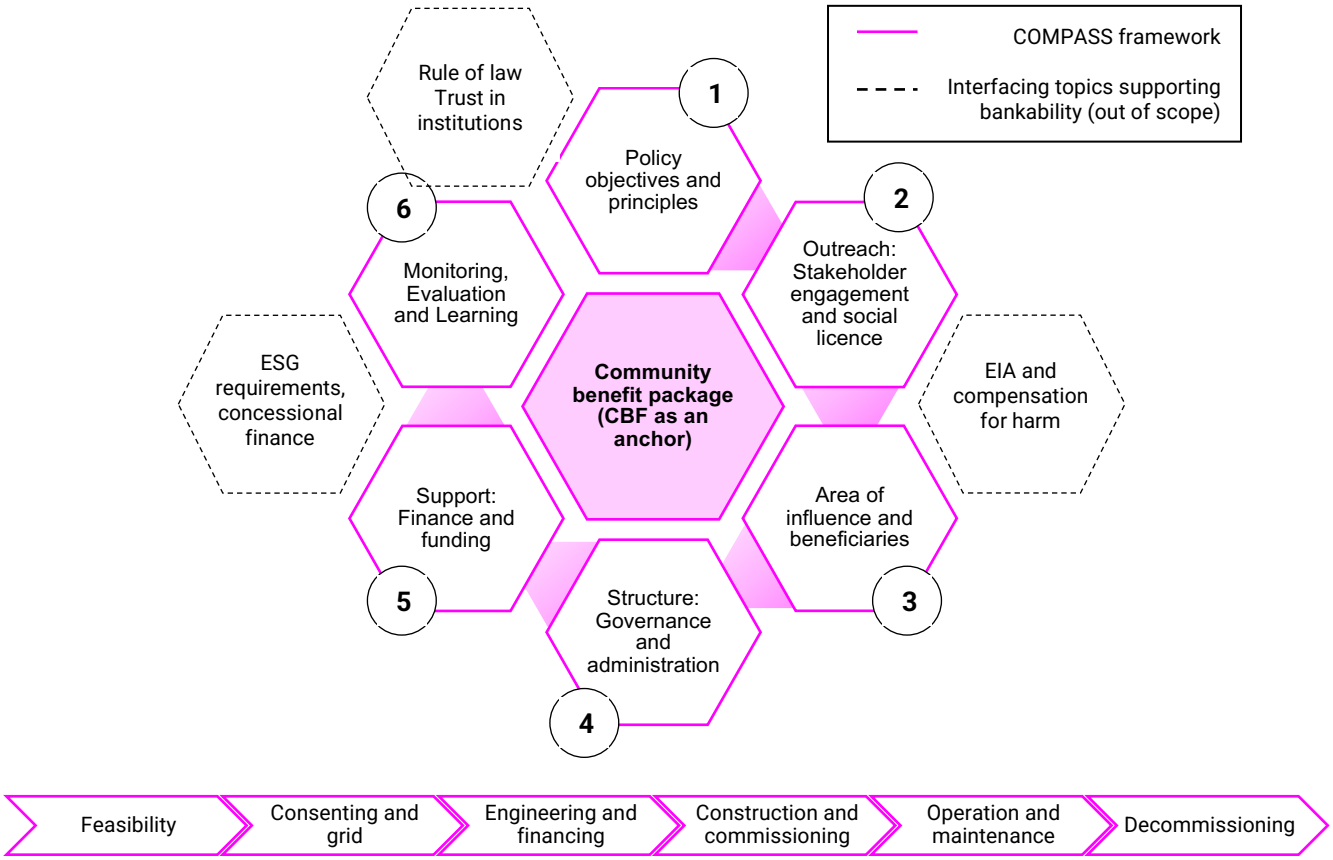

Figure 1 - Community benefits and social engagement COMPASS framework, applied throughout the project lifecycle (© Magenta Renewables)

COMPASS framework elements:

- **C**ommunity: central mechanism for channelling direct benefits to territories, based on the CBF model.
- **O**utreach: engagement and participation processes with stakeholders, aimed at building trust and social legitimacy.
- **M**onitoring: MEL[k] system to ensure transparency, accountability and adaptive management of social risks.

[j] CBF: Community Benefit Fund

[k] MEL: Monitoring, Evaluation and Learning

- **P**olicy: guidelines that steer the design and implementation of community benefits in alignment with public policy.
- **A**rea: definition of the territories and social groups eligible to access the benefits.
- **S**tructure: institutional structure for decision-making, resource administration and scheme oversight.
- **S**upport: financing mechanisms that enable the long-term sustainability of benefits.

Additionally, a series of external interfaces are identified which, whilst falling outside the direct scope of this project, must be acknowledged to ensure the viability of the community benefit scheme:

- **ESG[l] requirements, concessional finance** - demands from investors, banks and insurers that influence the bankability of the project and may generate financing opportunities linked to compliance with environmental, social and governance standards.
-
- **Rule of law, trust in institutions** - external conditions necessary to guarantee the legitimacy, effective implementation and sustainability of the scheme.
- **EIA[m] and compensation for harm** - legal mechanisms for the prevention, mitigation and compensation of negative impacts, which may be articulated with social processes but are conceptually kept separate from the community benefit scheme.

2.1 Sources of best practice

Best practice in community benefits for offshore wind energy projects has developed primarily from experience accumulated in onshore renewables and other infrastructure sectors, such as mining. European markets, particularly countries bordering the North Sea, concentrate the greatest track record in the deployment of this technology and in managing its social implications.

Experienced offshore wind developers consulted for this study, particularly those active in the UK and Irish markets, identified the following references as reliable sources of good practice, comparable to a 'benchmark standard'. It is nonetheless acknowledged that institutional, social and cultural differences with the Colombian context require these approaches to be adapted, particularly regarding local capacities, participation mechanisms and territorial governance.

Table 1 - Key sources of best practice in community benefits (for reference)

Organisation (Country)	Title	Mechanism	Description	Notes
World Bank – ESMAP (Global)	*The Strategic Value of Community Benefits in Offshore Wind Development* (2024)[1]	Research study / policy guidance	Explores how OSW projects can deliver community benefits beyond legal requirements, fostering stronger developer-community relationships.	Definitions from this study are used throughout WP2 and carried through to this report.
Scottish Government (Scotland, UK)	*Good Practice Principles for Community Benefits from Onshore Renewable Energy*	Voluntary best practice guidance	Provides guidance for developers and communities on structuring community benefit packages linked to onshore renewables. Covers	Although primarily aimed at onshore wind, this is widely cited as an excellent example for adaptation to offshore.

[l] ESG: Environmental and Social Governance

[m] EIA: Environmental Impact Assessment

Organisation (Country)	Title	Mechanism	Description	Notes
	Developments (2019, updated)[2]		governance, fund administration, and creating lasting local legacies.	The Scottish government closed consultation on an update (to include OSW) in April 2025[3]. There is currently a wider consultation at the UK-level on voluntary vs mandatory community benefits for renewables.[4]
Department of Climate, Energy and the Environment (Ireland)	*Offshore Renewable Electricity Support Scheme (ORESS)*[5]	Competitive auction with CfD[n]	Auction-based support mechanism for OSW projects, incorporating mandatory CBF requirement.	A regulated counterpoint to the UK example, with essentially identical CBF principles (albeit with a higher contribution level).
IVAR (Institute for Voluntary Action Research) (UK-based charity)	*Open and Trusting Grant-making*[6]	Voluntary best practice guidance	Principles for grant-making organisations. A framework encouraging funders to reduce bureaucracy, act transparently, and trust communities.	Cited by UK-based developers as a trusted source of guidance and research for provision of funding to voluntary organisations. Applicable when considering CBF funding principles / criteria.

[n] CfD: Contract for Difference

Element 1: Policy objectives and principles

To establish a CBSE framework for Colombian OSW, the fundamental principles and policy choices should be understood. For international developers entering the Colombian market, alignment with recognised best practice approaches can provide valuable confidence.

Summary recommendation: Formalise a set of principles – equity, early and inclusive engagement, transparency, additionality, long-term local value and just transition – that all projects must follow. These principles should explicitly distinguish a) regulated mitigation / compensation for impact from b) community benefits, and link CBSE to national climate, industrial and social-policy goals.

This work should be led by the Ministry of Energy, in close coordination with DPS, DNP, DIMAR and the offshore wind competitive process team. Success means every CBSE plan clearly references these principles and explains how the project will apply them in practice.

This sets the “north star” that guides the more technical decisions in subsequent sections.

Key findings

The objective of community benefits is to strengthen the social licence through the generation of sustainable local value, rather than to operate as compensatory mechanisms.

Community benefits constitute a relevant instrument for contributing to the social acceptance of offshore wind energy projects; however, their effectiveness depends on their coherent integration with formal public policy instruments and with the environmental licensing and social management systems already in place in Colombia.
International experience shows that community benefit sharing mechanisms can generate positive outcomes when they are articulated within clear institutional frameworks, transparent governance rules and technical criteria for the identification of beneficiaries. In the absence of these conditions, such mechanisms tend to become ad hoc instruments, with risks of fragmentation, limited social legitimacy and reduced redistributive impact.

In the Colombian context, community benefits should not be understood as a substitute for the State's obligations in the provision of essential public goods and services (such as clean drinking water, sanitation, electricity or basic infrastructure), but rather as a complement aimed at strengthening local capacities, mitigating specific social impacts and promoting productive opportunities linked to coastal territorial development.

Likewise, benefit schemes should be designed according to criteria of progressivity, territorial differentiation and coherence with environmental licensing processes. This implies their articulation with instruments such as social impact assessment, management and compensation measures, and formal spaces for participation, whilst avoiding their use as mechanisms for informal or parallel compensation.

Finally, community benefits should be embedded within a broader public strategy for regional development in coastal areas, one that considers pre-existing economic activities such as artisanal fishing and tourism, and that allows these mechanisms to be integrated into sectoral and territorial policies. Without this articulation, there is a risk that benefit schemes will be perceived as isolated interventions, dependent on individual projects and lacking the structural capacity to generate sustainable impacts.

OSW developers may choose to work in collaboration with the designated authorities charged with overseeing essential public programmes, but they will not replace them. Integration and use of existing programmes where possible is encouraged.

Offshore wind energy presents a formidable challenge, both technically and commercially, particularly in an emerging market such as Colombia.

Developers manage complex business cases with narrow margins to achieve a competitive Levelised Cost of Energy (LCoE), whilst meeting critical return thresholds, that is, the minimum Internal Rate of Return (IRR) required by equity investors. Construction and operational costs will be tied to global commodity markets and supply chains. Should projects cease to be financially viable, whether due to additional regulatory, financial or technical risks, perceived or real, developers will make decisions in accordance with their business model regarding continued involvement in the project.

Additionally, developers will hesitate if they perceive a low chance of gaining the social licence to operate.

Without a successful FID (Final Investment Decision), there can be no projects and hence no associated benefits to share with host communities. It is thus very important that policymakers weigh both dimensions when considering the requirements that they place on project developers, i.e.

1) The need to provide regulatory stability, certainty and consistency across the sector
2) The need to provide flexibility for effective social de-risking

Both voluntary and regulated approaches to community benefits can work. Either way, the fundamental principles are similar.

In the UK, the voluntary approach (originally conceived in onshore renewables, later applied to offshore renewables) is recognised as having generated positive outcomes for developers and communities, with a voluntary community benefit fund contribution of £5,000/MW/year. An industrial strategy[o] agreed between the industry and the government sets out voluntary but strategic commitments around skills, supply chain growth, and community engagement.

Developers in the UK value the flexibility that this arrangement gives them (aided by industry-leading guidance such as the Scottish onshore wind best practice principles [2]). ESG obligations on developers (sometimes flowed through from owners or financiers) will often hold them to best practice with respect to social engagement and community benefits – even if there are no or limited associated regulatory requirements.

Ireland is an example of a regulated community benefit system via ORESS. Developers are generally supportive of the system (which requires a large community benefit fund of €2/MWh, with the funds controlled by communities), citing that it provides a 'level playing field' among projects / developers, while expressing caution about the extra administrative burden[p] (relative to the UK).

In Colombia, the existing '1% New Transfer' mechanism[q] provides a regulatory foundation for community benefits, which can be strengthened to align with international best practice. This requires 1% of gross revenue from non-conventional renewable energy projects (>10 MW) to be transferred; 60% to local ethnic communities and 40% to local authorities.

This1% New Transfer was not primarily designed for OSW projects. The contribution increases to 2% once renewable energy sources reach 20% of the national energy matrix. Under Law 2294 of 2023, projects located in areas with the highest wind speeds (above 9 mph at 33 ft) are subject to a "New Transfer" of up to 6%, with

[o] Since March 2019 this was the 'Offshore wind Sector Deal', replaced by the 'Modern Industrial Strategy' in June 2025.

[p] E.g. publishing guidance for the community, annual reporting, taking part in audits

[q] Introduced by Article 289 of Law 1955 of 2019 and later regulated by Decree 1302 of 2022.

proceeds reserved exclusively for ethnic communities. It is understood that this was conceived to offset a projected ramp-down in coal royalties as part of the energy transition.

For OSW projects, 1% of gross revenue is in the same order of magnitude to equivalent guidance in the UK and Ireland. Going beyond 1% of gross revenue in the current global market could jeopardise the economics of OSW projects and may deter investors.

A comparison of community benefit fund contribution level guidance is given in Appendix A.

Making community benefits mandatory can be achieved through various mechanisms (beyond the new 1% transfer), however, in the context of Colombia's emerging offshore wind market, this is not considered strategically advisable at this stage.

Competitive process Non-Price Criteria (NPC)

As discussed in WP2, the first competitive process is already underway, with a robust regulatory framework, tender documents and terms and conditions that have already been established and formally confirmed. The inclusion of additional criteria may undermine stakeholder confidence.

CfD

Ireland (via ORESS) explicitly makes community benefit commitments a condition of CfD payments. The UK uses the mechanism to support industrial policy by requiring supply chain plans. In many ways, this is a natural lever as the project needs its CfD from pre-FID to throughout the operation phase.

MME Resolution 40337 of 2025[7] does not require community benefit or supply chain commitments from project owners as a condition of CfD allocation. It's focused on market stability, technical viability, and climate goals, which is arguably an appropriate starting point for the industry. To integrate community benefits or industrial policy, it would be necessary to amend or supplement this framework – this could be done pragmatically as part of structuring for future competitive processes.

It is necessary to identify a national government entity with the appropriate mandate and functional competencies to coordinate all matters relating to community benefits in offshore wind energy.

Analysis in WP2 recommended that any initiatives to introduce guidance, reform regulation etc. should be owned by the MME as the central ministry responsible for OSW development. Mirroring the multi-agency example of the first competitive process, additional agencies may also be included in consultation, such as DIMAR[r], DPS[s] and DNP[t].

Good CBSE practice applies to all renewable technologies, but OSW may benefit from a bespoke regulatory approach

OSW is a new industry with obvious practical differences from onshore renewables (e.g. different considerations with respect to definition of the area of influence, higher risks and capital costs). Due to higher levels of technical and commercial risk than onshore renewables, CBSE mechanisms may need to be tailored (e.g. by not elevating regulated fund contributions beyond 1% gross revenue).

In the UK, new offshore-specific CBSE guidance is being developed, while in Ireland, OSW gets its own mechanism (ORESS).

[r] DIMAR: Dirección General Marítima (*Maritime Authority*)

[s] DPS: Departamento Administrativo para la Prosperidad Social (*Social Prosperity Department*)

[t] DNP: Departamento Nacional de Planeación (*National Planning Department*)

Element 2: Outreach (Engagement and social licence)

Success means communities feel informed, able to influence priorities, and have credible channels to raise and resolve concerns. This pillar is the main driver of social licence and underpins the legitimacy of all benefit-sharing decisions.

Summary recommendation: Embed a structured two-way engagement process, phased across the full project lifecycle.

The recommended action is for every project to prepare and implement an engagement plan that sets minimum standards for information, dialogue, consent processes where applicable, and grievance handling from pre-feasibility through decommissioning. The plan should differentiate between statutory consent-focussed consultation and CBSE engagement, and use accessible, culturally appropriate formats.

This work should be designed and implemented by the developer, with oversight from the Ministry of Energy and environmental authorities. Local governments, community organisations and trusted intermediaries (universities, NGOs, cooperatives) should support outreach and help reach vulnerable or marginalised groups.

Key findings

Developers should not be limited in their consultation and engagement by statutory minima.

To understand social engagement from a community benefits perspective, it is necessary to understand the other interfaces that projects will have with communities, principally consultations and compensation under the Prior Consultation (*Consulta Previa*[u]) and Environmental licencing[v] processes.

Colombia has a statutory consultation requirement in Consulta Previa, which establishes the right of ethnic groups to be consulted about state decisions that may directly affect them. The Environmental licencing system is focussed on assessment and mitigation of the environmental impacts of projects.

Under these regulations, there is no statutory requirement to consult communities beyond those identified under Consulta Previa.

Best practice requires that all potentially impacted communities are given a chance to review and feed into project development decisions. Without detracting from the specific rights given to legally recognised minorities under Consulta Previa, it is strongly recommended that developers adopt a structured participatory, inclusive approach to engagement on both project design / EIA and community benefits.

While it is important to have a clear distinction between these two areas, in practice, the engagement efforts under the two areas may have overlap. Information events aimed at general consultation might raise opportunities to constructively discuss community benefits, and similarly, once the community benefit programme is sufficiently developed, it may lead to positive sentiment on the planning side.

[u] Grounded in ILO Convention 169 and Colombian Law 21 of 1991

[v] Created under Law 99 of 1993 and further regulated by subsequent decrees

Researching the local context is crucial (no two projects are the same).

The most experienced OSW developers with 15-20 years operating in existing markets tend to avoid application of a standardised approach to social engagement and community benefits when starting a new project. This is because they have learnt to presume nothing about the new host community.

The first step is always to understand the project area (challenges and opportunities) – this serves as a foundation for delivery. The work developed under WP1 ('community baseline') provides a Central Caribbean starting point for public authorities, developers and other interested parties.

Communications channels should be tailored to the geography and culture.

Rural workshop sessions such as Santa Catalina achieved strong participation through local mobilisation and the support of trusted leaders. Communities consistently asked for plain-language information and culturally respectful engagement. Short travel distances and use of local media (radio, posters, WhatsApp etc) was encouraged.

In established markets, developers sometimes use methods such as mobile 'pop-up' stands to facilitate drop-in appointments, which can be rotated around different towns and villages.

Building awareness of the environmental case for OSW can increase support.

In the Central Caribbean, climate change extremes coupled with vulnerabilities (low-lying areas, a decline in mangrove cover, high coastal erosion) means flood risk is increasing. Droughts and extreme high temperatures are increasingly likely.

Holding events such as local climate conferences can have a positive multiplier effect. If people understand the macro justification for OSW, it encourages local pride in the outsized contribution that their region will be making to the national and international climate effort.

The ongoing effort of education, briefing, communication, partnership and sponsorship becomes the 'ground game' – connecting communities with good stories and making OSW feel like a shared, positive endeavour rather than something imposed.

Central element: Community benefits package

The central element of the framework, the hub covers community benefit themes as categorised in ESMAP (2024)[1]: skills and livelihoods, public services and infrastructure, environmental stewardship and shared ownership.

Summary recommendation: Reconfigure the 1% New Transfer mechanism to allow OSW projects to structure CBFs in accordance with international best practice, including with community-led boards, robust and independent governance and aligning with local priorities.

Public and private investments in skills / livelihoods, public services an infrastructure, and environmental net gain should be strongly encouraged.

Shared ownership models (as a supplement to other measures) should be explored as the industry matures, but not mandated.

Key findings

Community benefit funds

CBFs are the anchor of OSW community benefit frameworks, and their legitimacy depends on communities directly allocating funds through independently administered, representative governance structures. Developers see their role as enabling and safeguarding this process, not controlling it.

It must be acknowledged that for nationally significant infrastructure such as OSW, local communities can only exercise a limited degree of influence over the design and configuration of the project (while still emphasising the importance of genuine, good-faith efforts to seek alignment wherever possible).

Where community benefit funds are structured such that communities have full (100%) agency over how funds are divided prioritised, allocated and spent (supported by transparent and well-designed governance boards), they create a meaningful opportunity for real local control and long-term influence. This autonomy provides communities with one of the few elements of the project over which they can exert full decision-making authority. This is viewed as more important than the size of the fund and is widely accepted as a core element of best practice.

While local government and / or other specialist organisations may feel that they are best placed to administer community funding (perhaps citing their capability and understanding of strategic priorities etc.), experience shows that this view is often not shared by the community.

Best practice is for communities to lead the structuring of the fund, define decision-making criteria, and oversee allocation of resources. A community-led governance board should guide how funds are spent to ensure decisions are rooted in local priorities and deliver meaningful impact. Developers, local authorities or independents may hold non-voting advisory seats on the committee or governance board, contributing expertise while preserving community leadership and independence.

CBF capitalisation should coincide with the start of construction.

Ensuring that CBFs begin being filled in parallel with construction means that communities can be planning their projects in parallel with the OSW development. This brings multiple benefits, bringing the question of how

to deploy a significant CBF into sharp focus. When construction begins, communities will be able to see their projects beginning.

Under ORESS, this approach is mandated, with the rulebook allowing CBFs to be capitalised and accessed during construction.

Skills and livelihoods

WP1 research in the Central Caribbean found that future work should focus on building long-term capability within coastal communities.

Communities criticised short-term, one-off assistance and asked for training and capacity-building that builds lasting value.

The direct investments that developers make in skills and supply chain capability are considered outside of the CBF[w], and no less important.

In the UK, OSW developers must submit Supply Chain Plans (SCP) as part of pre-qualification for CfD, which are then assessed for compliance with UK industrial strategy. Planning consents may also include conditions requiring compliance with supply chain or skills strategies.

Requiring binding commitments from developers on supply chain development or skills creation during Colombia's first competitive process may not be pragmatic. At this early stage, the primary objective is to enable successful project deployment and catalyse the emergence of a new industry, rather than mandating a high level of local content before the domestic supply chain has had time to mature. As the sector develops and capabilities grow, incorporating more ambitious or binding requirements could become a realistic consideration for future competitive processes.

Public services and infrastructure

Adequate access to public services and infrastructure constitutes a fundamental element for the wellbeing and sustainable development of communities in the Central Caribbean.

Action to address recurring issues (such as unreliable electricity access, gaps in water / sewerage / roads and digital inclusion) should be considered a priority. To supplement the efforts of public authorities, communities could choose targeted improvements (via the CBF), or developers could consider supplementary 'benefits in-kind'; direct investments which typically provide some use to the developer (e.g. reinforcement of ports[x], roads, grid or industrial capacity[y]), which the communities can also make use of and benefit from in an enduring way (potentially at relatively low marginal cost to the developer).

Environmental stewardship

Developmental environmental initiatives focussing on Net Positive Impact (NPI) and education fall under the scope of community benefits (either via CBF or direct investment from developers).

These go beyond any requirements to mitigate harm that may arise from the EIA process. Many environmental vulnerabilities and sensitivities were picked up in the WP1 fieldwork, including:

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[w] Though communities may also choose to partition or otherwise allocate CBF money toward skills development / education.

[x] E.g. operations and maintenance bases with shared facilities.

[y] E.g. light industrial units, primarily to support local supply chain development for the OSW project, but providing additional space for other local businesses.

- Soil infertility, crop decline, youth migration from agriculture (Santa Catalina, Arjona)
- Tourism threatened by contamination and visual pollution (Cartagena, Santa Catalina)
- Fishing livelihoods at risk (Juan de Acosta, Barranquilla, Cartagena). Communities linked mangrove health directly to fishing and tourism sustainability
- Contaminated beaches and water bodies (Cartagena, Santa Catalina)

Initiatives aimed at climate change adaptation and resilience could also be appropriate to the Central Caribbean region. The United Nations Global Compact (UNGC) working group on 'Net-Positive Biodiversity in Offshore Renewable Energy' has published guidance[8] that aims to restore and enhance biodiversity (species / habitats / ecological function) at the project level. In the UK / Europe there is increasing discussion on biodiversity net gain in the context of OSW.

Shared ownership

Shared ownership in OSW is incredibly challenging to deliver. The presence of experienced co-ops in onshore renewables is viewed as a success factor.

Shared ownership is strongly advocated for by many, embedding community members as co-owners of projects, and is cited as a benefit that can 'pay for itself' – meaning that it doesn't require developers to fund it. The scale of OSW however can make it challenging for communities to raise enough capital for a meaningful share, and it may naturally attract people above a certain threshold of education and financial capacity, possibly compromising its potential to empower communities. Efforts should be encouraged to understand this theme as the industry matures however it should not be mandated.

Where structures have been proposed for OSW (e.g. SeaCoop in Belgium or Energy4All in the UK), they typically involve using a centralised platform to marshal funding from energy co-ops, sometimes with a linked electricity tariff available to individuals who invest.

Grant funding from government (either to support specific studies or to help communities acquire equity stakes) is an enabling factor, with precedent in other markets and technologies.[10]

The topic of shared ownership did not feature strongly in discussions with Colombian communities under WP1.

Element 3: Area of influence and beneficiaries

For community benefits, the community itself should define the area of influence and beneficiaries.

Summary recommendation: Require a community-led, transparent process to define the area of influence and identify eligible beneficiaries. This may be initiated and iterated by the developer, but thoroughly validated by the CBF board in consultation with representatives including those from local government, independent specialists, community organisations, indigenous and fishing groups. This process may be sensitive, and should be supported by clear guidance from the MME.

Key findings

Developers may suggest a starting point, which should be refined via consultation.

They may propose an initial zone, which becomes the eligibility zone for CBF grants and focus for direct investments (a 5km buffer from the coast and any onshore infrastructure in the region of the project may be a reasonable starting point, but will depend on project layout and visual impact considerations). This should then be refined by the CBF committee, factoring local needs, socio-economic and environmental conditions and impact assessment.

Defining “community” is complex and context-dependent, not purely geographic.

To support good representation, developers should research and classify communities.

Host, neighbouring, marine-resource users, and regional beneficiaries are valuable to identify. Trusted local organisations may assist this process. Understanding the profile of surrounding communities is key to convening properly representative committees.

Element 4: Structure (Governance and administration)

Ensuring that community-led decision making is adequately structured, governed and safeguarded.

Summary recommendation: Community Benefit Funds (CBFs) and related programs should be managed by governance structures that are independent, transparent, and representative of all community members.

Clear roles, decision rules, conflict-of-interest policies, and audit requirements must be defined.

Models from the UK, Ireland or elsewhere may used as a template (and adapted for Colombia). Juntas de Acción Comunal (JAC, *community action boards*) may provide an appropriate structure to host the CBF (subject to further research).

Key findings

Experience from both the UK and Ireland shows that community benefit frameworks must have safeguards embedded into governance.

In Ireland's ORESS model, independent fund administrators and locally representative committees are mandatory, with compliance tied to the ORESS financial support mechanism. This ensures transparency, inclusivity, and prevents capture by political or religious interests.

The 'Community Benefit Fund – Rulebook for Generators and Fund Administrators' [9] sets out the basis of the working relationship between each generator and the fund administrator they appoint to undertake the implementation of the ORESS 1 CBF for their respective projects. It provides details on how each fund must be established and how it must be conducted to be properly representative of the local community and wholly inclusive in all its decision-making. This includes regulatory and compliance obligations.

By contrast, the UK's CBSE model is currently voluntary. Developers have adopted safeguards within the UK system such as appointing independent fund administrators, non-voting developer seats on CBF committees and open consultation to define geographic scope.

A working paper from the UK Government on "Community Benefits and Shared Ownership for Low Carbon Energy Infrastructure"[10] is at consultation stage. It explores introducing a mandatory community benefit scheme tied to low carbon projects (including OSW).

Community-led decision making solves perceived ineffectiveness of public institutions.

Field work carried out in the Central Caribbean revealed an active citizen demand for stronger public institutions, with equitable and transparent decision-making processes aligned with the genuine needs of the population.

Developers should be ultimately responsible for compliance with rules / guidance.

Best practice CBF governance shares several common features. It is the developer's responsibility (supported by government) to put in place the structure to ensure that these are upheld:

- **Independent and representative governance**
  - The board or steering group should include community members, local authorities, and independent voices.
  - Developers or single interest groups should be prevented from dominating.

- **Transparent administration and reporting**
  - Clear criteria should be set for allocations, with open records of decisions, annual audits, and publicly accessible reports.
  - Funds should be held by an independent, legally registered entity (community trust, foundation, or cooperative) with a dedicated bank account.

- **Community-led decision making**
  - Mechanisms like participatory budgeting, community voting, or structured consultations ensure local priorities drive funding choices.
  - Decisions must reflect diverse community needs.

- **Inclusive representation and capacity building**
  - Governance bodies should reflect demographic diversity (age, gender, socio-economic groups).
  - Training and support should be provided so all members can participate effectively.

- **Long-term sustainability and oversight**
  - Funds should be managed for lasting impact (e.g., endowments, reinvestment strategies).
  - There should be regular monitoring and evaluation to adjust priorities and ensure that benefits endure.

Properly set up, these safeguards combine to be freeing for the developer – they become a hands-off benefactor.

Element 5: Support (Finance and funding)

The origin of value is the nation's natural resources (i.e. seabed, wind), converted by OSW projects into electricity for sale. Sale of electricity should then transfer some of the value back to the communities from where these resources derive, and to the developers that take the risk in the conversion.

Summary recommendation: Define a clear, predictable and transparent funding model for the CBF and related CBSE activities. The recommended action for the first competitive process is to give the OSW developers the option to either follow the existing 1% New Transfer law or implement a CBF with funding equivalent to the 1% New Transfer.

For future competitive processes, the government could explore formalising requirements relating to CBSE performance via NPCs, the revenue support (CfD) mechanism or planning licences. The competitive process team should lead this design.

Possible sources of additional local value (e.g. the seabed lease fees, national pots, private investment etc) should be explored.

Key findings

CBF funding is ultimately paid for by electricity rate-payers, representing a transfer of value from the national and regional levels to the host community.

Developers will structure in costs like seabed lease payments, taxes and CBF contributions to their financial models. Assuming constant hurdle rates (IRR) for debt and equity investors, it follows that the CBF will increase the LCoE. This is paid by consumers and supported by the government (via the financial support mechanism (a two sided CfD in the case of Colombia).

In the case of CBF contributions (for example, 1% of gross revenues as the law currently requires), it could be argued that this is a proportionate and reasonable benefit for the communities hosting the OSW project (see Appendix A).

Seabed lease payments may be a chance to direct additional value to communities. The lease payments to the ANH[z] could be reinvested in the project area for example, in energy transition, community benefits or infrastructure.

Development of local supply chain elements multiply local economic value.

OSW developers in established markets are often required to commit to a certain degree of 'local content' in their supply chain plans, either as a condition of lease auction, CfD or planning. This is usually in the context of a competitive, established OSW market supported by mature industrial strategy.

Such levers may not yet be appropriate in Colombia, but developers should still be encouraged to use / develop as much local content as feasible. The presence of a committed 'pipeline' of projects makes the necessary investments easier.

[z] ANH: Agencia Nacional de Hidrocarburos (*National Hydrocarbons Agency*)

Public-Private Partnerships (PPPs) are a potential additional source of investment.

PPP structures could be used to catalyse investments into enabling infrastructure such as ports, generating community value via jobs in supply, construction, logistics, and long-term O&M bases. PPPs may also be used to facilitate community ownership of generation or transmission assets.

Grant and / or match funding from national pots and favourable tax incentives for (e.g. for ports / industrial zones) may be examples of other mechanisms that projects can leverage.

Element 6: MEL transparency and risk

A lack of clear and timely information and accountability mechanisms can fuel distrust, perceptions of unfairness and political backlash against projects or institutions.

Summary recommendation: The Ministry of Energy should define MEL and transparency standards for OSW projects. Communities and civil society organisations should be able to scrutinise information, participate in learning processes and signal emerging risks. Success means host communities can see clearly where money goes, what has changed, and how the system is improving over time.

Key findings

Monitoring, Evaluation and Learning (MEL) indicators should be accessible and understandable to communities, both in relation to the benefit scheme and to the progress of the large-scale offshore wind energy project.

The need for greater accessibility and community ownership of MEL indicators in relation to community benefits was validated through the WP1 field work. Communities shared valuable lessons drawn from previous experiences. These included the importance of adapting housing solutions to local customs and dynamics, the need to incorporate maintenance plans into the provision of equipment such as vessels and motors, the relevance of ensuring the quality and operability of sanitation infrastructure, and the importance of transparent and participatory management of royalty funds.

In terms of the main infrastructure project itself, communities in Barranquilla called for censuses of affected people and species before projects - a form of baseline monitoring. In Cartagena, communities expressed their willingness to go beyond consultation and information-sharing spaces, aspiring to become directly involved in monitoring and evaluation processes.

The joint monitoring of local indicators (such as environmental and development indicators) with communities at an early stage (i.e. before construction) is a recognised method for building confidence and trust in data. In the context of offshore wind energy, the fisheries sector represents a particularly relevant opportunity. The active involvement of fishers in sampling and mapping tasks, with appropriate remuneration, constitutes an effective first step towards participatory, inclusive and technically robust monitoring.

Communities possess a deep knowledge of their local environment and of the factors that influence the success of community benefits, making them a strategic asset for project management.

Governance risks, the risk of failed projects, social and equity risks (e.g. exclusion of vulnerable groups), poor communication channels and benefits without training, maintenance, or monitoring were all identified by communities as possible sources of community benefit failure.

Developers must show how funds are safeguarded against misuse, misallocation, or underperformance.

Developers should publish accessible reports, what outcomes are achieved, and how communities benefit.

This is recognised best practice. Transparency must extend to communities, who should be able to scrutinize how decisions are made, how funds are allocated, what outcomes have been achieved and what lessons have

been learned. This visibility helps build confidence that the fund is being managed fairly, responsibly, and in line with agreed community priorities.

The use of independent fund administrators (e.g. the grant management platform Grantscape[11] in the UK) can aid transparency and trust. Their professional grant-making expertise ensures that eligibility and assessment criteria are applied consistently, helping safeguard against real or perceived conflicts of interest. Their role can include publishing annual reports, facilitating open calls for proposals, and providing clear documentation of decision-making processes.
Lessons learned should be documented on a regular basis (throughout the life of the CBF) and fed back into governance or package design. This includes reflecting on what has worked well, what challenges have arisen, and how governance processes or funding packages could be improved.

By institutionalising transparency, independent oversight, and continuous learning, OSW community benefit funds can evolve with community needs, and maintain long-term legitimacy.

Best practice is that each CBF should establish a process for handling complaints and grievances.

A grievance mechanism is defined in the UNGPs[aa] as a process through which grievances concerning business-related human rights abuse can be raised and an effective remedy can be sought.[12] Principles such as accessibility and independence are key. In the context of OSW community benefit funds, such a mechanism plays a critical role in ensuring that communities have a trusted and effective channel to voice issues relating to how the fund is governed, how decisions are made, and whether commitments are being upheld.

Key principles such as accessibility and independence are particularly important. Accessibility means that all community members, including vulnerable or marginalised groups can easily understand how to use the mechanism, can submit concerns without barriers, and can expect timely responses. Independence ensures that complaints are reviewed impartially, without undue influence from developers, local authorities, or fund administrators, thereby strengthening credibility and trust.

Incorporating a UNGP-aligned grievance mechanism helps ensure transparency, accountability, and fair decision-making. It also reduces the risk of conflicts escalating and provides a structured pathway for communities to seek remedy where commitments are not met or where impacts are not adequately addressed. Ultimately, this strengthens the legitimacy of the project and supports a more durable, trust-based relationship between developers and communities.

[aa] UNGP: United Nations Guiding Principles on Business and Human Rights

3 Recommendations

To support the effective development of OSW and ensure that communities realise meaningful and lasting benefits, it will be important for government and industry to work together.

Providing greater visibility on the leasing pipeline, industrial strategy, and anticipated CBSE commitments will help create the stable environment needed for long-term planning. Against this backdrop, the following recommendations are offered for consideration to strengthen delivery, enhance community outcomes, and promote a more coherent approach across the sector.

3.1 Institutional sponsorship of CBSE

1) It is considered that the MME adding leadership of renewable energy CBSE practice to its mandate (hereafter referred to as the 'CBSE Delivery Unit'). This could be hosted within the Oficina de Asuntos Ambientales y Sociales (Office of environmental and social affairs)[bb].

   Key partner agencies could include DIMAR, DPS and DNP (see WP2 for further detail).

   Responsibilities to include:
   - Drafting, review[cc], publication and maintenance of national renewable energy CBSE guidance document in line with international best practices and lessons learned, which reaches beyond statutory minimum requirements under the Consulta Previa and Environmental Licencing processes.
   - Audit of projects for compliance with published guidance.
   - Support CBSE training and capacity building for communities, co-ops, community action groups and other stakeholders.

2) The MME CBSE Delivery Unit (consulting DIMAR, DPS and DNP) (see recommendation 1) it is recommended to draft and arrange public consultation on OSW CBSE guidance to developers (see Appendix B for a suggested structure).

3.2 Capacity building

3) It is put forward MME co-ordinate a review of existing programmes in the Central Caribbean for effectiveness and synergy with OSW (e.g. identification of pockets of technical expertise, opportunities to improve connectivity of communities, hence their ability to take part in CBF committees etc). Programmes to review to include:
   - Ministerio de Tecnologías de la Información y las Comunicaciones (MinTIC)[dd]– "Juntas de Internet"[ee] and Digital Community Connectivity Programmes.
   - Ministerio de Agricultura[ff] / MME– Agreement on Zonas de Reserva Campesina[gg].

[bb] Refer to WP2 Scenario 2 for further detail. It was found that the MANE (Mesa de Alto Nivel / *High-level round table*) process is already in place and owned by the Office of Environmental and Social Affairs in the MME, hence the proposal is to make use of this existing mechanism to co-ordinate CBSE guidance.

[cc] Potentially making use of the existing MANE process.

[dd] MinTIC: Ministry of Technology and Communications

[ee] Internet boards

[ff] Ministry of Agriculture

[gg] Rural reserve zones

- MinAmb[hh] / MME – "Comunidades Energéticas[ii]" pilots.
- Senate – TEC Label (Transición Energética Campesina[jj]).

4) It is deemed appropriate MME review the feasibility of community shared ownership for OSW in Colombia, including:
   - Deeper review of international proposals / models (e.g. Energy4All in the UK and SeaCoop in Belgium).
   - Mapping existing energy co-operatives.
   - Considering pathfinder projects with a view to build expertise and a development model for an OSW shared ownership approach. Target projects for consideration would ideally be >10 MW and grid connected.
   - Reviewing grant funding options for supporting community shared ownership initiatives.

5) It is suggested MME consider aiding capacity-building of local organisations (e.g. co-operatives, JACs) to support effective management of funds over decades.

6) It is proposed MinAmb consider co-producing environmental baseline evidence with the community, specifically relating to fisheries and culturally / environmentally important areas. Consider whether new protected areas, community-managed areas, or fishing areas reserved to coastal communities are required. Incorporate findings into Marine Spatial Planning (MSP) approach (see OSW Roadmap recommendations 5, 8, 14, 15).

7) It is recommended that MME CBSE Delivery Unit (consulting DIMAR, DPS and DNP) prepare and deliver an educational / guidance package for communities on OSW, covering energy and electricity basics, climate change priorities, and OSW technical / financial / environmental fundamentals. Consider partnering with SENA[kk] / universities / research institutions to deliver this.

8) It is considered that government take steps to derisk private capital / co-funding / PPPs by setting clear industrial and educational priorities (for example, port upgrades, supply chain investments, training centres) and offering guarantees / incentives.

3.3 Legal and regulatory

9) The government could usefully consider avoid any substantive rules changes in relation to the first competitive process, such as adding mandatory CBSE Non-Price Criteria (NPC) or CfD conditions (this may be explored for future competitive processes, integrated with the strategy for that process).

10) It falls within the MME's remit to establish clear and accessible guidelines on its plans for future offshore wind energy concessions. (zones, timelines, technology etc.), to support the planning of investment (e.g. in ports, manufacturing, training centres etc.).

11) It is proposed that MME review the existing '1% New Transfer' mechanism for OSW to ensure it remains fit for purpose as the OSW sector emerges and matures. In doing so, consideration could be given to:
    a. The design and administration of the 1% gross revenue allocation, and whether it could be better aligned with CBSE best practice principles for OSW such as meaningful participation, developmental intent, project-specificity.

[hh] MinAmb: Ministerio de Ambiente y Desarrollo Sostenible (*Ministry of environment and sustainable development*)

[ii] Energy communities

[jj] Rural energy transition

[kk] SENA: Servicio Nacional de Aprendizaje (*National Learning Service*)

b. Ensuring that communities have autonomy in relation to fund structuring, criteria-setting and allocation decisions and ensuring that benefits are responsive to local priorities.
c. Providing greater transparency and predictability for project developers ahead of FID, including clarity around any potential future adjustments to the 1% rate. Given alignment with established international practice, any increases beyond 1% require careful consideration.

A potential way to achieve this, without impacting the existing intent of the mechanism, would be to introduce an amendment giving OSW projects the option to either:

I. Continue to operate under the 1% New Transfer mechanism as it currently stands, or;
II. Implement a CBF of equivalent magnitude (1%), designed in accordance with best practice principles identified in newly created guidance (see recommendation 2).

In line with industry engagement in this study, indications are that developers would be minded to elect for option II) above, given it would provide better flexibility to unlock positive impact and support from the communities in the area of their OSW project.

12) ANLA[II] may wish would consider updating the Biotic Compensation Manual to include explicit reference to environmental NPI, as an aspirational, voluntary principle.

13) ANH might consider legislating to ringfence seabed lease revenues to bring more value back to the communities, supporting local energy transition programmes, community benefits, or infrastructure.

14) The government may wish would consider international collaboration on best practices though government-to-government relationships and / or facilitated though global bodies such as the Global Offshore Wind Alliance (GOWA) (for which Colombia is a co-chair) and the Global Offshore Wind Energy Council (GWEC).

3.4 Recommendations for developers

15) Developers may wish to operate beyond pure compliance with minimum CBSE standards, adopting the best practice principles listed in Appendix B.

16) Developers should review existing public programmes to identify areas of alignment for inclusion in their CBSE strategies - see recommendation 3) for examples. Evaluate opportunities for direct investments to provide 'benefits in-kind'.

17) Developers in the Central Caribbean are encouraged to refer to the WP1 detailed info pack for the central Caribbean (design principles, KPIs etc) and include them in their CBSE strategies.

18) Developers are encouraged to build on datasets gathered through their project (under WP1) and consider integrating them into geospatial tools to support evidence-based project planning and engagement.

19) Developers should seek to build a consistent, proactive community presence encompassing the ongoing effort of education, briefing, communication, partnership and sponsorship activities.

20) Developers should recognise that longstanding gaps in public services and infrastructure may shape community expectations for new projects. Expectations management and integrity (i.e. following through on commitments) must be included as principles in their CBSE strategies.

21) Developers are encouraged to support consultation on and commit to following guidance produced by CBSE Delivery Unit (see recommendation 2).

[II] ANLA: Autoridad Nacional de Licencias Ambientales (*National Environmental Licensing Authority*)

22) Developers may explore participatory monitoring as a form of remunerated community involvement including measurement of baselines data (e.g. birds, marine mammals, water quality, light/noise); training and employment of local “eco-guards” and data stewards.

3.5 Sector bankability

23) Factors supporting bankability of projects (such as international standard EIA and other topics related to ESG compliance should be prioritised, to make sure that projects can be financed (and community benefits realised).

    A review of international ESG standards and gap analysis relative to the Colombian context is recommended, to identify any critical areas for support.

Appendix A - Comparison of community benefit fund contribution guidance levels

Table 2 - Comparison of community benefit fund contribution guidance levels

Country/mechanism	Basis of contribution	Estimated annual value for a 1 GW project[mm]	% of Gross annual revenue	Notes
Colombia (1% New Transfer)	1% of gross annual revenue	US$6.4 million	1.0%	As per existing mechanism
Ireland (ORESS)[5]	€2/MWh	US$8.6 million	1.3%	Mandatory for OSW under ORESS
UK (voluntary)[2]	£5,000/MW/year	US$6.3 million	1.0%	Derived from onshore wind, under review for OSW

[mm] Generic 1GW fixed-bottom OSW project in Colombia. Source: Magenta Renewables analysis.

Appendix B – Outline structure for an OSW community benefits and social engagement manual

This is to aid the MME via a new 'CBSE Delivery Unit' to develop clear and practical CBSE guidance for OSW developers.

The structure in Table 3 is aligned with the framework described in this report, and is linked with Recommendations 1) and 2).

Table 3 - CBSE manual for OSW - outline structure

Section	Key points to include
Policy objectives and principles	CBSE instruments: • Are strategic, support social licence, and are not compensation for impacts. • Should embed just-transition, nature-positive and inclusive principles from the outset. • Should prioritise equity, participation, early engagement, transparency, additionality and long-term community value. This should align with existing policy, such as the DNP Energy Transition Policy[13], which finds that the government should: *'…design public policy aligned with the energy transition, with fundamental axes such as digitalisation, technological reconversion, social dialogue to involve and protect communities, income replacement, and labour reconversion.'*
Engagement and social licence	• Developers should appoint local stakeholder managers, preferably originating in host communities. • Developers should hold a phased engagement plan: pre-feasibility, EIA, construction, operation, decommissioning. • Developers should ensure early dialogue on potential benefits before licences are finalised, avoiding last-minute transactional offers. • Minimum engagement standards should be specified: meetings, feedback loops, records, and inclusive representation of vulnerable groups. • Communities and developers should be encouraged to use trusted intermediaries (e.g. universities, NGOs) where community-developer trust is initially low. • "Data dumping" should be avoided, with accessible, plain-language communications preferred. Developers should work with local leaders who can communicate in their own language. • Developers should establish standard grievance and response mechanisms linked to both project impacts and CBSE delivery issues.
Benefit package (CBF as anchor)	**Overall package** • Developers should take a thematic approach to locally-driven priorities. The UN SDG framework[nn] is a useful structure. **CBFs**

[nn] UN SDGs: United Nations Sustainable Development Goals

Section	Key points to include
	• Good practice principles for CBFs should be set out, drawing on sources of best practice (see section 2.1) and findings of this report. **Public services and infrastructure** • Developers and communities should seek opportunities to address gaps (in combination with the relevant authorities), either via the CBF or as direct investments (benefits in-kind). **Skills and livelihoods** • Developers should write supply chain and skills plans to maximise OSW opportunities and build community capacity to take part (validated in WP1). **Environmental stewardship** • Environmental NPI should be explicitly identified as an aspirational, voluntary principle (see also recommendation 12). **Shared ownership** • Robust governance should be put in-place for any structure proposed, to make sure that any funds invested by individuals / co-ops are protected for direct project financing.
Area of influence and beneficiaries	• Local actors should lead validation of boundaries and beneficiary groups. This should be an iterative process: initial mapping, community validation, periodic review during lifecycle. • Developers may support with use a formal area of influence worksheet distinguishing core host, extended and thematic (e.g. marine user) communities. • Regulators (i.e. the MME CBSE Delivery Unit) may consider reviewing area of influence justifications against transparent criteria. • Area of influence classification should be linked directly to representation in CBF governance bodies and eligibility for different benefit streams. • Area of influence maps and criteria should be publicly disclosed, to build trust and reduce perceptions of favouritism.
Governance and administration	• Minimum governance standards should be established: documented roles, community representation, quorum, rotation, and conflict-of-interest rules. • There should be annual independent financial audit and summary of grants. • There should be transparent selection and removal processes for committee members and technical advisors; time-limited appointments. • There should be guidance on legal / financial CBF structuring (potentially JAC structures could be used subject to further research).
Finance and funding	Level guidance for CBF contributions: • It is recommended that this aligns with the current 1% New Transfer requirement (see recommendation 11). • Refer also to Appendix A.
MEL, transparency and risk	• There should be regular reporting to communities on fund performance and project-related activities. • There should be a results framework with outputs, outcomes, impacts and indicators for each benefit component.

Section	Key points to include
	• There should be guidance on three-year independent evaluations and how to incorporate recommendations into redesign. • There should be open publication of governance structures, area of interest definitions, criteria and grant decisions. • There should be risk registers maintained for CBSE packages. • Simple public dashboards should be encouraged (web or noticeboards) tracking money in, projects funded, and basic indicators.

Acronyms

Acronym	English	Spanish
ANH	National Hydrocarbons Agency	**Agencia Nacional de Hidrocarburos**
ANLA	National Environmental Licensing Authority	**Autoridad Nacional de Licencias Ambientales**
CBF	**Community Benefit Fund**	Fondo de beneficios comunitarios
CBSE	**Community Benefit and Social Engagement**	Beneficios comunitarios y compromiso social
CfD	**Contract for Difference**	Contrato por diferencia
DIMAR	Maritime Authority	**Dirección General Marítima**
DNP	National Planning Department	**Departamento Nacional de Planeación**
DPS	Social Prosperity Department	**Departamento Administrativo para la Prosperidad Social**
EIA	**Environmental Impact Assessment**	Evaluación de impacto ambiental
ESG	**Environmental and Social Governance**	Gobernanza ambiental y social
GOWA	**Global Offshore Wind Alliance**	Alianza Global de Energía Eólica Marina
GWEC	**Global Wind Energy Council**	Consejo Mundial de Energía Eólica
JAC	Community Action Board	**Juntas de Acción Comunal**
LCoE	**Levelised Cost of Energy**	Costo nivelado de la energía
MEL	**Monitoring, Evaluation, Learning**	Monitoreo, Evaluación, Aprendizaje
MinAmb	Ministry of Environment and Sustainable Development	**Ministerio de Ambiente y Desarrollo Sostenible**
MinTIC	Ministry of Technology and Communications	**Ministerio de Tecnologías de la Información y las Comunicaciones**
MME	Ministry of Mines and Energy	**Ministerio de Minas y Energía**
NGO	**Non-Governmental Organisation**	Organización no gubernamental
OEP	**Ocean Energy Pathway**	Ocean Energy Pathway
O&M	**Operations and Maintenance**	Operaciones y mantenimiento
OSW	**Offshore Wind**	Energía eólica marina
PPP	**Public-Private Partnership**	Asociación público-privada
SDG	**Sustainable Development Goals**	Objectives' de Desarrollo Sostenible
SENA	National Learning Service	**Servicio Nacional de Aprendizaje**
UNGC	**United Nations Global Compact**	Pacto Mundial de las Naciones Unidas
UNGP	**United Nations Guiding Principles on Business and Human Rights**	Principios Rectores de las Naciones Unidas sobre las Empresas y los Derechos Humanos

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